

necessary for conduct of the testing, research or development. If the testing, research or development is to be conducted by other than the proprietor, the proprietor shall secure a written statement, executed by the consignee, agreeing that he will maintain records of the receipt, use, and disposition of all spirits received by him and that those records and operations will be available during regular business hours for inspection by ATF officers.

(d) *Conditions.* (1) Records will be maintained in accordance with § 19.766 of all spirits taken or withdrawn under the provisions of this section.

(2) Remnants or residues of spirits withdrawn but not used during testing, research or development shall be destroyed or returned to the bonded premises for storage with similar products or entry in the continuous distilling system.

(e) *Limitation.* The regional director (compliance) shall proceed to collect the tax on any spirits withdrawn under this section which are found to have been withdrawn, used or disposed of in a manner not authorized by this section.

(f) *Losses.* When spirits are lost prior to being used for the authorized purpose, the proprietor shall either pay the tax or file a claim for remission of tax as prescribed by § 19.41.

(Sec. 201, Pub. L. 86-859, 72 Stat. 1362, as amended, 1382, as amended (26 U.S.C. 5214, 5173))

§ 19.702 Samples used on bonded premises.

The proprietor may take samples of spirits for research, development, testing, or laboratory analysis conducted in a laboratory located on the bonded premises of the distilled spirits plant. The applicable purposes, conditions and limitations for samples taken pursuant to § 19.701 shall also apply to samples taken as authorized by this section.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1362, as amended, 1382, as amended (26 U.S.C. 5008))

§ 19.703 Taxpayment of samples.

When tax is required to be paid on samples:

(a) If the proprietor is qualified to defer payment of tax, the tax shall be

included in the proprietor's semi-monthly tax return on Form 5000.24.

(b) If the proprietor is not qualified to defer the payment of tax, the tax shall be paid on a prepayment tax return on Form 5000.24.

[T.D. ATF-219, 50 FR 51388, Dec. 17, 1985]

§ 19.704 Labels.

(a) On each container of spirits to be withdrawn under the provisions of § 19.701, the proprietor shall affix a label showing the following information:

- (1) Purpose for which withdrawn;
- (2) Kind of spirits;
- (3) Size and the proof of the sample, if known;
- (4) If the spirits are removed to other than adjacent or contiguous premises of the proprietor, the name and address of the consignee;
- (5) The proprietor's name, and plant number; and
- (6) The date taken.

(b) The labeling required by paragraph (a) of this section is not necessary when sample containers bear an approved label pursuant to 27 CFR Part 5 and subpart S of this part and the sample is removed from bonded premises to the general premises of the same distilled spirits plant.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1360, as amended, 1362, as amended, 1382, as amended (26 U.S.C. 5206, 5214, 5373))

[T.D. ATF-198, 50 FR 8464, Mar. 1, 1985, as amended by T.D. ATF-206, 50 FR 23952, June 7, 1985]

Subpart W—Records and Reports

GENERAL

§ 19.721 Records.

(a) *In General.* (1) The records to be maintained by proprietors shall include:

- (i) All individual transaction forms, records, and summaries specifically required by this part;
- (ii) All supplemental, auxiliary, and source data utilized in the compilation of required forms, records, and summaries, and for preparation of reports, returns, and claims; and
- (iii) Copies of notices, reports, returns, and approved applications and